

Application No. 10/830,115
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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:
Loren Eckart et al.

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Art Unit: 3623

For: AUTOMATED BUSINESS FINANCIAL
ANALYSIS REPORTING

Examiner: David Robertson

MS AMENDMENTS
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

DECLARATION OF ROBERT H. WOOSLEY UNDER 37 C.F.R. § 1.132

I, Robert H. Woosley, declare and state as follows:

1. My name is Robert H. Woosley. I am an original co-inventor of the above-identified patent application. I am the current CEO of iLumen Inc. and a co-founder of the company.
2. I received a Bachelors of Science degree in accounting in 1979 from the University of Georgia. I also became a certified public accountant (CPA) 1981. After 19 years as a CPA with Price Waterhouse and a senior partner with Atlanta-based CPA firm Frazier & Deeter, I co-founded iLumen Inc. to fill a need I saw in the field of accounting to collect, process and standardize private company financial statement information.

3. I have reviewed the Office Action dated March 29, 2008, including U.S. Patent 6,513,019 to Lewis and published U.S. Patent Application No. 2004/0059651. I have also reviewed the claims as amended in the response filed concurrently with this declaration.
4. Based on my 27 years of experience in the field of accounting I believe there are some substantial differences between the claims of the above-identified patent application as amended.
5. Generally speaking, the claims of my above-identified patent application as amended are directed to collecting, converting, standardizing, analyzing and reporting private company financial-statement data (such as Income Statement and Balance Sheet information pertaining to a business entity). The system and methods described in the claims enable the creation of a database of private company financial statement data that mirrors the type of information that is available for public companies who are required by federal regulation to disclose this information to the public. For private companies, to the extent it is available, this type of information is incomplete and only available from disparate and potentially unreliable third party sources.
6. Specifically, each of the independent claims has been amended to recite receiving financial statement information from a submitting business taken from that business' general ledger accounting system, converting the data from a first format to a second standardized format, aggregating the converted financial statement information with financial statement information of other business, analyzing the performance information in accordance with one or more performance metrics, generating at least one report based on the results of the analysis, and providing the report to at least one requesting party.

7. The systems and methods described in U.S. Patent 6,513,019 (the '019 patent) are concerned with collecting "financial" data corresponding to transactions in securities, market data, and customer/counterparty data. To the extent that the '019 patent refers to "financial information" and "accounting information" it does so in the context of information related to those categories of information and not in the context of a corporate business entity. Simply put, the system described in the '019 patent is wholly incapable of performing the steps recited in the method claims of the above-identified patent application. Moreover, this patent fails to disclose the structure recited in this application's system claims.
8. In the art of accounting, the claim term "general ledger" has a specific meaning. In this art, the "business" general ledger is the main accounting record and Chart of Accounts of a business entity. It is a collection of accounts that supports the items shown in the major financial statements. The general ledger provides a complete snapshot of the financial state of a business from an accounting perspective. There are five basic categories in which all accounts are grouped in the general ledger: (1) Assets, (2) Liabilities, (3) Owner's equity, (4) Revenue, and (5), Expenses. The general ledger should include the date, description and balance or total amount for each account. The main categories of the general ledger may be further subdivided into sub-ledgers to include additional details of such accounts as cash, accounts receivable, accounts payable, etc.
9. The claim term "financial statement" also carries a specific meaning in the art of accounting. Financial statements are accounting reports prepared from data in the business' general ledger that provide standardized presentations of various categories of information. There are four basic financial statements recognized in the field of

accounting: the balance sheet, the income statement, the statement of retained earnings, and statement of cash flows. The balance sheet, also referred to as statement of financial position or condition, reports on a business' assets, liabilities, and net equity as of a given point in time; the income statement, also referred to as the profit and loss statement, reports on a business' income, expenses, and profits over a period of time; the statement of retained earnings explains the changes in a business' retained earnings over the reporting period; and the statement of cash flows reports on a company's cash flow activities, particularly its operating, investing and financing activities.

10. Based on my review of the '019 patent, the securities transaction management system described in that patent does not receive financial statement information taken from the business' general ledger accounting system used to maintain the accounting records of the submitting business. Rather, it receives messages that contain one of three categories of information. The first category is transaction information. As the name implies this type of information pertains to transactions that reveal a position in a security (e.g., Broker X of Bank A purchased 50,000 shares of Stock XYZ).
11. The second category of messages described in the '019 patent is market update messages. This category of messages conveys information that may affect companies in a market but that is not specific to a company; for example, an indication that the Federal Reserve has increased the prime rate by half of a percentage point.
12. The third category of messages described in the '019 patent is customer/counterparty updates. According to the '019 patent this messages containing this category of information include changes to attributes such as addresses, settlement instructions, credit rating, etc. See '019 specification at col. 4, lines 1-6.

13. According to the '019 patent, of these three types of messages, two of them contain information take from multiple disparate sources. See excerpt from col. 7, lines 2-13 below:

...an Accounting Information Server for processing messages that contain transactions and deriving positions, lots, and balances on a trade date and settlement date accrual accounting basis; a Market Data Information Server that processes messages that contain data records from multiple disparate market data sources and derives a composite of each financial instrument (of virtually any type); a Customer/Counterparty Information Server that processes messages that contain data records from multiple disparate sources that describe, and record standing processing instructions for, customers and counterparties and derives a composite of each customer, counterparty, and financial institution...

14. Contrary to the assertions in the Office Action, none of the three categories of messages received in the system described in the '019 patent pertain to financial statement information that is taken from the submitting business' general ledger accounting system used to maintain its financial statement information.
15. The claims of the above-identified patent application as amended also recite that the converted financial statement information of the submitting business is aggregated with financial statement information of other businesses, thereby creating a database of standardized private company financial statement information.
16. In the system described in the '019 patent, a database of information is created, however, it does not include converted and standardized private company financial statement information. The content of the database in the '019 patent is described in detail beginning at col. 11, line 56 of the specification. This database contains global market data; positions, balances, lots, and transactions; financial institutions and locations; customers, counterparties, and accounts; employees and organizational structure; and product lines and services. None of this information is comprised of converted financial

statement information of a business. Moreover, the composite transaction, market and customer data can not be reasonably analogized to a standardized database of private company financial statement information. Therefore, I must disagree with the Examiner's contentions that the '019 patent teaches this claim element.

17. In the March 28, 2008 Office Action, the Examiner appears to have relied on background sections of the specification to support his contention that the '019 patent is "concerned with general ledger activities." See Office Action at paragraph 5. This portion of the specification merely acknowledges that firm profitability, general ledger, and financial statement activities *also involve time sensitive assessment and refinement of account activities and transactions*. In essence it is saying that assessment and refinement of account activities and transactions may benefit by providing information useful to analysis of firm profitability, the general ledger, and financial statement activities. Stated differently, these activities may be supported or enhanced by the system of the '019 patent. This is not the same as saying that the system of the '019 patent, a system that is clearly limited to providing time sensitive assessment and refinement of account activities and transactions, includes information sufficient to perform general ledger and financial statement activities. Therefore, I disagree with the Examiner's interpretation of this passage of the '019 patent's specification.
18. In rejecting the language of the element that states that the converted financial statement information is analyzed in accordance with one or more performance metrics, the Examiner has relied on the analytic modules shown at FIG. 4, that is, block 150 labeled as "analytical and user systems" in this Figure. The specification explains that these analytic modules are merely illustrative of the kind of analytics that a user/subscriber to

the '019 system may be interested in performing. These analytic systems may be developed in-house or purchased from those commercially available, and they perform analytic operations on the information contained in the database of the '019 patent's system. This is explained, for example, beginning at col. 13, line 59:

Generating multiple views of the impact of transactions, integrated with changes to market instruments or customer/counterparty status (e.g., a change in a price, bond rating, or customer/counterparty credit rating; or a corporate action or bankruptcy announcement), support enterprise analytical processing. Examples of critical analytics performed by major financial firms include risk and liquidity analysis, performance measurement, and compliance with in-house and regulatory standards. Roll-up to the enterprise general ledger system is another form of such analytics, with the inventive system performing the role of an integrated sub-ledger and supporting integrated roll-up to and drill-down to/from the general ledger. Because the inventive system standardizes disparate data that originates in disparate systems (as indicated in FIG. 16), and makes both the standardized data and the information that is derived from the incoming data accessible via standard business objects, the development of proprietary analytic applications, and integration with commercially available analytic applications, is greatly streamlined. Block 150, FIG. 4.

19. From this passage, it is evident that the system of the '019 patent merely provides a specific database of securities related transaction and market information that can be integrated by subscribers into their own analytic systems. With specific regard to general ledger analytics, the most that is provided by the system of the '019 patent is a sub-ledger of transaction information. The general ledger itself is an external system that can integrate with the system of the '019 patent for drill-down detail on that sub-ledger. However, the source of this drill-down data is transaction-based messages, not financial statement information taken from a general ledger accounting system of a submitting business. The system of the '019 patent is uniquely valuable to financial services companies because its accounting functionality is tailored to tracking transactions in

securities – in this industry, individual transactions and transactions trends can have an effect on the risk of such a firm.

20. The Examiner appears to rely on alleged similarities between the claimed invention and the '019 patent based on the latter's inclusion of the accounting information server. This component of the system applies accounting methodology to transaction data but it does not store or process business financial statement information nor does it create a database of standardized private company financial statement information. For example, at col. 14, beginning at line 12, operation of the accounting information is described.

An exemplary operation of the Accounting Information Server is depicted in FIG. 17. At block 510, the enriched transaction, Trans(1) is read to assess its transaction type (e.g., "buy", "sell", "dividend", "deposit", and the like) and the transaction event (e.g., "order", "execution", "contractual settlement", "actual settlement", "payment", and the like). At Block 520, the set of business rules for the transaction-event combination (e.g., "sell-execution") is retrieved by the rules business objects. Illustrated here, the Accounting Information Server determines from the transaction such data as the account number, issue id, issue quantity, cash amount and currency id, counterparty, effective date(s) and the like. From the business rules, the Accounting Information Server determines what ledgers, positions, lots, and balances must be adjusted by the amounts in the transaction. At block 540, the appropriate new amounts are calculated and the new values, ACI Bal(ID) is stored in the database, block 550, complete with interrelated journal entries that record the delta (DB/CR) between the previous values and the new values...

FIG. 18, which shows an example of the database entries that result after a "buy" transaction has been processed through two events: "execution", and "actual settlement" three days later. Adjustments made to positions and balances are recorded in journal entries. As indicated by the connecting lines in this Figure, for each transaction event, each value that results from the event is connected by primary-foreign key relationships when the value is stored on the database. As also indicated in FIG. 18, each position or balance is classified according to a Ledger name, (e.g., "Trade Settlement Payable", "Cash") and a set of Ledgers are collectively given a Chart of Accounts name ("Chart 1").

21. Unlike the market data and customer/counter party information servers, the accounting information server does perform accounting functions. However, because this server only processes transaction information, it does not perform the claimed steps of storing financial statement information as electronic data on the data processing system, the financial statement information having a first format based on a first set of performance classifications and converting, using an automated process executing on the data processing system, the financial statement information from the first format to a second standardized format based at least in part on a conversion map associated with the contributing business, the conversion map defining a correspondence between one or more performance classifications of the first set of performance classifications and one or more respective performance classifications of a second set of standardized performance classifications.
22. As discussed above, business financial statement information is not received in the system of the '019 patent. Therefore, this reference can not teach the claim limitation that the financial statement information has a first format based on a first set of performance classifications. In rejecting this feature, the Examiner has relied on the above cited section of the '019 patent specification. However, this section describes what happens when an update to a transaction occurs –that is, what happens after the incoming message is converted. It does not describe the content of the incoming message or information contained in that message.
23. In addition, the '019 patent does not describe that the conversion of the financial performance information is performed based on a conversion mapping. The Examiner

acknowledges this fact. He apparently relies on US Patent Application No.

2004/0059651 (the '651 application) to teach that feature.

24. The '651 application does teach a method for converting information in one accounting format into another format, for example, from European GAAP to U.S. GAAP.

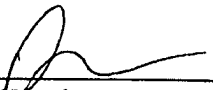
However, to combine the teaching of this reference with the '019 patent would still not lead to the claimed invention. Firstly, the '019 patent only performs a conversion on the messages themselves to convert them into a format that can be recognized by the appropriate information server (transaction, market update, or customer/counterparty).

Adding the functionality of the '651 application would merely provide another method of performing a conversion. Secondly, because the '019 patent does not describe receiving financial statement information the method for converting taught by the '651 application would have no application in the system of the '019 patent. Therefore, the combination would still not yield the claimed invention. Therefore, I disagree with the Examiner's contention that the '651 patent in combination with the '019 patent teaches this feature.

25. Accordingly, for at least all the reasons discussed herein, I must disagree with the Examiner's contention that the claims of this application are obvious over the '019 patent in view of the '651 application. There are several features specifically recited in the claims of the instant application in their amended form that are neither explicitly disclosed nor suggested in the combination of applied references.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed this 21st day of July, 2008 in Atlanta, Georgia



Robert H. Woosley